

Status as of 1 December 1955 on Recommendations Made by the Inspector General in Survey of the Office of Logistics dated 22 January 1955

1. CATEGORY I, ITEM 1 (Pages 17 and 18, Paragraph III C.3.c): It is recommended that the Director of Logistics determine specifically what information is needed by the Procurement Division from other offices to prepare an annual procurement program at the beginning of each fiscal year and that the DD/S then arrange for such information to be provided.

STATUS: Action in process. The Office of Logistics has not received detailed budgetary information on 07, 08, and 09 moneys for Fiscal Year 1956 which was requested from the Office of the Comptroller on 15 June 1955. This information will provide the basis for the Procurement Division to contact allottee components for appropriate additional information. This is the final step in consummating action on above recommendation.

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2. CATEGORY I, ITEM 2 (Pages 18 and 19, Paragraph III C.3.f) (Cross Reference: Page 5, Paragraph II, 5. a and b): It is recommended that the Director of Logistics adopt a policy aggressively endeavoring to prevent uncoordinated procurement activities and that Agency procurement regulations be revised to provide that (1) Agency personnel will be prohibited from making unauthorized initial contacts with prospective suppliers or contractors; and, (2) disciplinary action for unauthorized procurement.

STATUS: Action in process: Regulation covering above items is now being given formal coordination.

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3. CATEGORY I, ITEM 6 (Page 26, Paragraph III D.1.b.(2)) (Page 7, Paragraph II 17): It is recommended that the Director of Logistics, in coordination with the DD/P and the Office of Personnel, compile a complete inventory of all Agency field logistics (positions) and incumbents of such positions and that the DD/P and the Director of Logistics jointly develop authoritative T/Os for field logistical activities.

STATUS: Action in process. The Office of Logistics prepared an initial inventory of all field logistics positions and incumbents. Future maintenance of this personnel inventory is dependent upon receiving copies of vital documents affecting these slots and incumbents.

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The Office of Personnel was formally requested on 5 July 1955 to place the Office of Logistics on the mailing list for these documents. This information has not been forthcoming.

4. CATEGORY I, ITEM 7 (Page 28, Paragraph III D.1.c) (Page 6, Paragraph II 14): It is recommended that Agency owned and controlled aircraft be accounted for in the same manner as automotive vehicles, under Regulation 45-270.

STATUS: Action in process. The Air Maritime Division of DD/P and the Supply Division have continued to work jointly on the problem of establishing adequate control of aircraft and vessels. Initial records on boats have been obtained by the Office of Logistics. Initial inventory on aircraft, which is still being compiled by the Air Maritime Division of DD/P, is two-thirds complete. IP

5. CATEGORY I, ITEM 20 (Page 44, Paragraph IV B.4.c.(3)) (Page 8, Paragraph II 31.c): It is recommended that Regulation 45-510 be revised to indicate that the Director of Logistics and not the Director of Security is responsible for security of covert procurement.

STATUS: Action in process. Proposed revision of Regulation 45-510 has been initiated but not published. IP

6. CATEGORY I, ITEM 25 (Page 46, Paragraph IV C.1.e): It is recommended that grade levels of the position of Chief, Procurement Division not be revised to GS-16 until the Chief, Procurement Division fully performs two important assigned duties: (1) Reviewing and providing technical advice to field procurement; and (2) Developing sources and methods of covert procurement.

STATUS: Action in process. Considerable progress has been made by the Chief, Procurement Division in implementing procedure to satisfy above requirement. Follow-through action will be initiated at such time as these responsibilities have been satisfactorily discharged. IP

7. CATEGORY I, ITEM 26 (Page 48, Paragraph IV C.3.e): It is recommended that the Deputy Chief, Contract Branch, be given greater authority to handle administrative matters; or be the Reviewing Officer for contracts which must be approved by the Division Chief; or be Contracting Officer on contracts not exceeding [REDACTED] in value. 25X1A

STATUS: Action completed. A revised delegation of procurement authority giving the Deputy Chief, Contract Branch, Procurement Division, contractual authority on contracts not exceeding [REDACTED] in value was granted at the end of July 1955. C

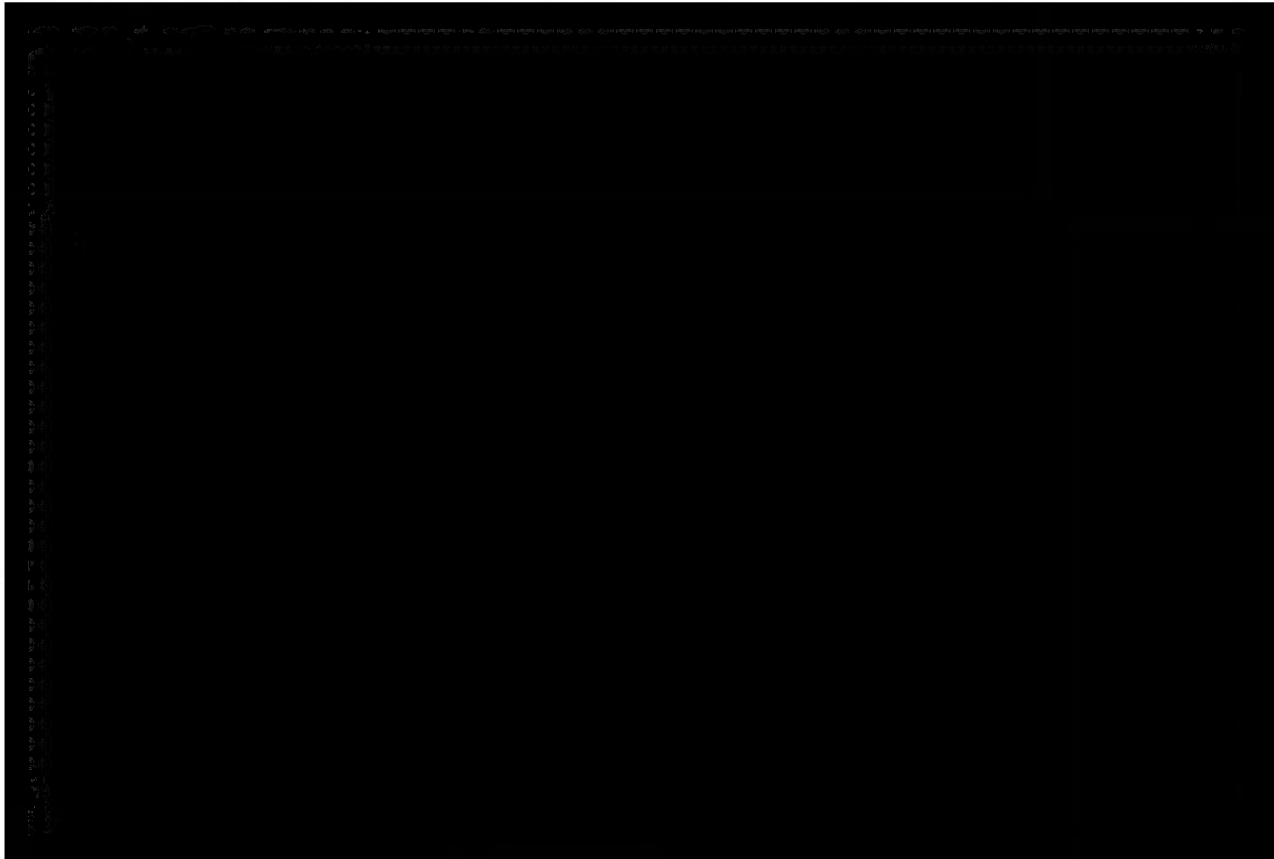
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8. CATEGORY I, ITEM 27 (Page 48, Paragraph IV C.3.e): It is recommended that the Contract Branch maintain adequate records on government equipment furnished to contractors and determine if equipment in the possession of Communications and TSS is now being furnished direct to contractors.

STATUS: Action in process. This problem has been called to the attention of TSS, Office of Communications and the Supply Division. Complete implementation of this recommendation is contingent upon the availability of personnel to supervise the control of government-furnished property to contractors. Management study of 18 August 1955 substantiated additional personnel requirements in the Contract Branch by recommending approximately 100% increase in personnel. Before action could be taken to obtain final authorization, Agency-wide personnel freeze blocked complete implementation of this recommendation. A second study has been initiated within the Office of Logistics within the last month to determine maximum extent that personnel could be diverted from other functions within the Office of Logistics. It is anticipated that it will not be possible to answer this problem completely in this manner as such a diversion within the Office of Logistics would cause appreciable de-emphasis of other essential functions.

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11. CATEGORY I, ITEM 33 (Page 58, Paragraph IV D.7.b): It is recommended that the Director of Logistics have an analysis made of the personnel ceiling at the [REDACTED] Depot in order to arrive at a valid determination of the adequacy of the authorized personnel strength.

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STATUS: Action in process. Original study on the operations and workload of the [REDACTED] Depot and the required ceiling strength was not utilized due to over-all personnel ceiling. A revision of this study is currently being made in the Supply Division.

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12. CATEGORY I, ITEM 37 (Page 58, Paragraph IV D.7.f): It is recommended that the position of GS-09, Security and Safety Officer, be eliminated at the [REDACTED] Depot. 25X1A6a

STATUS: Action in process. Final action on this recommendation is being held up pending approval of study being made as a result of recommendation, Category I, Item 33. (No. 11 of this report)

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13. CATEGORY I, ITEM 42 (Page 62, Paragraph IV E.1.c): Units of the Transportation Division are dispersed in five (5) different locations which handicaps proper supervision.

STATUS: Action completed. Consolidation of the location of the Office of Logistics components, including Transportation Division, was effected in October 1955.

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14. CATEGORY I, ITEM 43 (Page 63, Paragraph IV E.2.a): It is recommended that the Administrative Staff of the Transportation Division be abolished and replaced by a two-position Message Center and a GS-7, Personnel and Training Assistant, reporting to the Division Executive Officer.

STATUS: Action in process. This recommendation is still under study and final action is being withheld pending resolution of related organizational problems within the Transportation Division.

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15. CATEGORY I, ITEM 47 (Page 66, Paragraph IV E.5.e): Since it is reasonable to believe that sometime in the future, the Army and the Air Force, as the Navy does now, will charge the Agency for cargoes moved by sea and air, it is recommended that the Transportation Division and the Comptroller's Office prepare a study to provide a basis for future budget requests for funds for transportation of things.

STATUS: Action completed. Upon the publication of Handbook No. 30-110-1, "Covert Allotment Control Procedure - Transportation of Things", dated 22 June 1955, the Budget Officer, Office of Logistics, assumed the responsibility for the maintenance of the allotment control record for all shipments emanating from, or controlled by headquarters. An estimated cost of transportation is maintained for each shipment with appropriate adjustment of obligation records when final charges are established. Estimated costs of cargoes shipped by [REDACTED], even though they do not result in the transfer of funds from the Agency, are maintained and will provide a basis for future budget requests, should the Air Force and the Army modify present policy of not submitting bills for transportation costs.

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16. CATEGORY I, ITEM 53 (Page 71, Paragraph IV F.2.h): It is recommended that an experienced realty officer be assigned to the FE Area to supervise the negotiations for and administration of some [REDACTED] property in that area.

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STATUS: Action in process. A letter was forwarded to the ID/P requesting that action be taken to establish a T/O slot for a realty officer to be physically located in [REDACTED] but attached to [REDACTED] Logistics Staff. The FE Division initiated the request for approval of the T/O slot but has not received final approval. Action on this recommendation cannot be consummated until slot has been established and position staffed by a realty officer with appropriate qualifications.

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17. CATEGORY I, ITEM 57 (Page 74, Paragraph IV G.2.b.(1)): It is recommended that the Agency's Printing Advisor develop recommendations on the centralization of the Agency's various graphics facilities under the Printing Services Division.

STATUS: Action in process. The Chief of the Printing Services still has this problem under study.

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18. CATEGORY I, ITEM 60 (Page 16, Paragraph III C.2.d.(5)): It is recommended that the initiation of a procurement action report should not await issuance of an Agency Procurement Handbook.

STATUS: Action completed. It was determined that reports required in Supply Handbooks FHB 45-450-1 and FHB 45-450-2 were not adequate for reviewing field procurement actions. Trial reports have been submitted by some field stations. A proposed revision to FR 45-500, which would include field reporting on procurement actions has been initiated and is being given coordination with Agency components outside the Office of Logistics.

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25X1A6a 19. CATEGORY I, ITEM 62 (Page 26, Paragraph III D.1.d) (Page 6, Paragraph II 15): It is recommended that the Senior Representative, [REDACTED] be directed to obtain and forward to Headquarters, Declaration of Trust on all quasi-personal vehicles at the [REDACTED] 25X1A6a

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[REDACTED]
of Trust were being retained at the station of [REDACTED]

20. CATEGORY I, ITEM 68 (Page 75, Paragraph IV G.3.a) (Page 7, Paragraph II 26): It is recommended that the DD/P establish an officer with printing responsibilities comparable to those of the DD/I so that the printing and reproduction problems of the five (5) Staffs and eight (8) Divisions reporting to the DD/P can benefit from DD/P level coordination and so that the burdens of the Printing Services Division can be minimized.

STATUS: Action in process. Action taken by the DD/P was to initiate a CS notice prescribing appropriate procedures for review and clearance of printing requisitions. This notice has not been released by the DD/P for publication. It is expected, however, that when this notice is published, it will effect satisfactory compliance with the basic recommendation made by the Inspector General.

21. CATEGORY I, ITEM 69 (Page 36, Paragraph IV A.1.e) (Page 7, Paragraph II 27): It is recommended that the Security Staff become a branch of the Administrative Staff.

STATUS: Action completed. Recommendation not implemented. Based on objections voiced by the Director of Security and the direct functional relationship between the Chief of the Security Staff and the Director of Logistics, this recommendation was not implemented.

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[REDACTED]
STATUS: Action in process. Position has not been firmly established on the subject by the General Counsel.

23. CATEGORY II, ITEM 3 (Page 15, Paragraph III C.2.d.(1))
(Cross Reference: Page 6, Paragraph II 6): The Director of Logistics and DD/P develop and implement procedures for ensuring that "procurement authority, when delegated by the Director of Logistics to the designated official responsible for the conduct of approved Agency projects is exercised in accordance with. . . appropriate Agency regulations unless an approved administrative plan stipulates otherwise."

STATUS: Action in process. Letter of understanding from the Director of Logistics to the Deputy Director (Plans) on how to control procurement accomplished outside the Office of Logistics, has been prepared and will be coordinated with appropriate Agency components.

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24. CATEGORY II, ITEM 5 (Page 16, Paragraph III C.2.d.(3))
(Cross Reference: Page 6, Paragraph II 6): An appropriate report on field procurement be designed by the Director of Logistics and implemented by the DD/P for those overseas stations selected by the Director of Logistics as having a significant volume of offshore procurement.

STATUS: Action in process. Field reports on offshore procurement are being forwarded by several major stations and bases on a trial basis. Proposed revision to FR 45-500 incorporates the type of report that will be required of stations and bases whenever they are engaged in procurement activity. Concept includes total monthly dollar volume as well as line items acquired when the value exceeds \$100.00.

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25. CATEGORY II, ITEM 6 (Page 16, Paragraph III C.2.d.(4))
(Cross Reference: Page 6, Paragraph II 6): The DD/S, DD/I and DD/P require domestic and overseas units to submit to the Office of Logistics, either monthly reports or copies of purchase orders of their procurement from other government agencies in order that the Director of Logistics may fulfill his responsibility of "maintaining control of all (interdepartmental) procurement. . . in a manner which will provide adequate security, control, and recording, of classified procurement."

STATUS: Action in process. This concept has been incorporated in a proposed revision to FR 45-500 now being given formal coordination by the Regulations Control Staff.

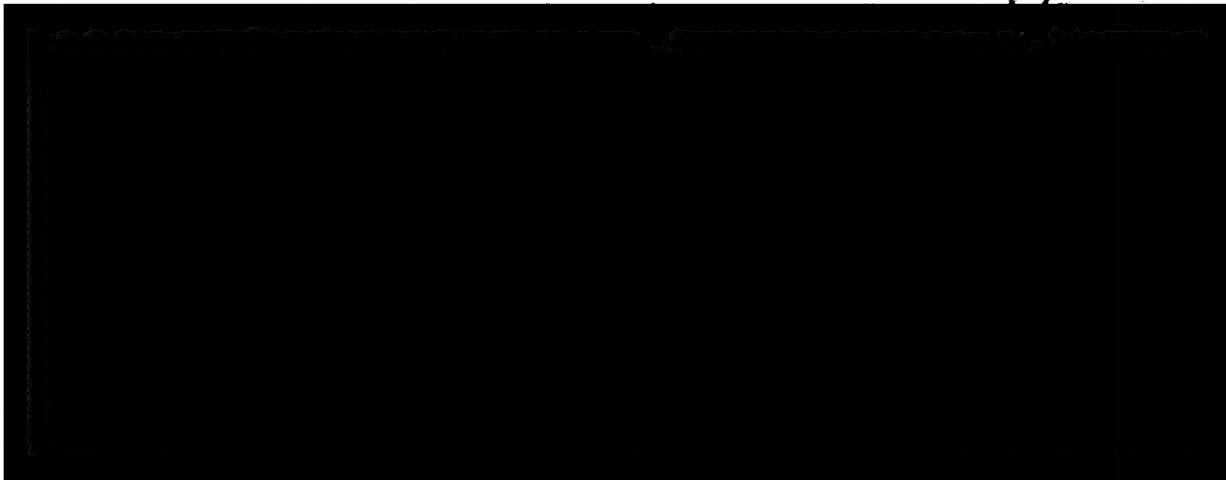
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26. CATEGORY II, ITEM 7 (Pages 22 and 23, Paragraph III C.5.a): The Industrial Contract Audit Branch (ICAB), Office of the Comptroller, is responsible for administrative audit (as distinguished from post audit by the Audit Office) of procurement contracts with private organizations. The Inspector General's Office survey of the Office of

the Comptroller stated that "there is need for clarification of the responsibilities of the Comptroller and the Office of Logistics with respect to review and audit of procurement contracts." In late October, a memorandum of understanding was negotiated between the Office of the Comptroller and the Office of Logistics concerning their respective responsibilities and authorities for procurement contracts. While this memorandum may clarify some responsibilities, it fails to settle basic issues. Over the past two to three years, controversy has developed between the Industrial Contract Audit Branch in the Office of Comptroller, and the Procurement Division, Office of Logistics, over the audit of procurement contracts. There has been a time-consuming exchange of memoranda in each particular case instead of face-to-face discussion and decision. It is recommended that this situation be settled immediately by the DD/S.

STATUS: Action completed. Complete understanding and agreement on the solution of common problems have been reached between the Industrial Contract Audit Branch and the Procurement Division. This has been accomplished through the media of meetings between representatives of the Comptroller and the Office of Logistics. Monthly meetings are being held with the Chief, ICAB, the Chief, Procurement Division, and working personnel to discuss and seek solutions to additional common problems, as they arise. C

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STATUS: Action completed. The Industrial Contract Audit Branch is now participating in the coordinated audit program of the Department of Defense. In addition, the Office of Comptroller has hired the Department of Defense auditor mentioned in reference (b) and he has now assumed the duties of Chief, ICAB. C

28. CATEGORY II, ITEM 10 (Page 24, Paragraph III C.5.d): As long as the Industrial Contract Audit Branch follows its present practices, it will continue to be understaffed and will not be able to keep abreast of the workload. However, the use of commercial methods and auditors for auditing government sterile task and research orders should reduce the workload. In addition, the investigation recommended in the preceding paragraph may result in further reduction in workload. It is recommended that, upon completion of that investigation, the Comptroller reassess the adequacy of the personnel strength of the Branch.

STATUS: Action completed. This information has been passed on to the Office of Comptroller. Since the basic recommendation relating to the Industrial Contract Audit Branch has been implemented, the workload required of the Branch has decreased extensively. Any future considerations of this nature would constitute new action on the part of the Comptroller. C

29. CATEGORY II, ITEM 12 (Page 27, Paragraph III D.1.b.(3)) (Cross Reference: Page 6, Paragraph II 12): That in view of the extensive service test and working level coordination, Field Handbooks 45-450-1 and 45-450-2 should be approved by the DD/S and published without further coordination.

STATUS: Action completed. Detached Stations Supply Procedure Handbook, FHB 45-450-2 was published under date of 15 June 1955. Field Supply Procedures Handbook (for accountable stations), FHB 45-450-1 was published under date of 8 September 1955. C

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30. CATEGORY II, ITEM 14 (Pages 29 and 30, Paragraph III D.2.d) [REDACTED] it is the usual practice for supply and procurement organizations--and not the using organizations-- to budget for all supplies and equipment required by the using components. Assignment to the Office of Logistics of responsibility to budget for all supplies and equipment would increase the effectiveness of the Agency's supply system in the long run; and it is fallacious to argue that such an assignment cannot be made because of the requirements of performance budgeting. However, the Office should not be given this responsibility until the deficiencies noted in this survey are corrected.

STATUS: Action in process. This recommendation is long range in nature and it is not anticipated that such a change will be effected in the near future. The effect of the improvements in the control of O8 and O9 funds by all DD/P area divisions as of 1 July 1955 has not been fully evaluated, but if this method proves satisfactory, it is not anticipated that any immediate modifications will be effected. IP

31. CATEGORY II, ITEM 16 (Page 31, Paragraph III D.4) (Cross Reference: Page 6, Paragraph II 16): That the DCI authorize the Director of Logistics direct cable and dispatch communication with the field (properly coordinated with DD/P Divisions) on logistical matters not primarily operational in nature.

STATUS: Action in process. The Director of Logistics has not been authorized direct cable and dispatch communications with the field on logistical matters not primarily operational in nature. Within the past month a proposed DCI instruction on the operation of clandestine services incorporating the concept of communication releasing authority for the heads of DD/S Offices on non-operational, technical matters falling within their respective fields, has been coordinated with the Director of Logistics. Proposed communication procedure would require, in each instance, appropriate coordination with and/or information copies for the DD/P headquarters components.

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STATUS: Action completed. Based on information furnished by the General Counsel, it is anticipated that no change should be effected in the present method of operating the shuttle bus service.

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33. CATEGORY II, ITEM 20 (Page 48, Paragraph IV C.3.4) That the DD/S should authorize such additional personnel as the Chief, Procurement Division can justify to facilitate adequate contract inspection.

STATUS: Action in process. Management Study dated 18 August 1955 substantiated justification for increasing personnel in the Inspection Section, Contract Branch, Procurement Division by five (5) Contract Inspectors and two (2) Clerk-Stenos. Over-all Agency personnel freeze has adversely affected implementation of this recommendation. A review performed throughout the Office of Logistics to divert slots to the Procurement Division to enable hiring of additional inspectors was unsuccessful in alleviating problem. Unless additional personnel could be authorized to the Office of Logistics, this problem will continue to remain unsolved. Additional information is discussed under Category III, Item (No. 39 of this report).

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34. CATEGORY II, ITEM 22 (Page 55, Paragraph IV D.3.c) It is recommended that the DD/S authorize two (2) additional positions - one (1) professional and one (1) typist for the Special Accounts Section.

STATUS: Action in process. A request to authorize one additional position to perform the Board of Survey Secretariat functions was forwarded to the Management Staff, but implementation action has been forestalled by imposition of the Agency personnel ceiling. This particular function is still being performed at the expense of other workload in the Special Accounts Section. Action has been initiated to transfer the function and the slot from the Special Accounts Section to the Office of the Chairman of the Survey Board (Deputy Director of Logistics). A complete evaluation of the workload remaining in the Special Accounts Section reflects the necessity for assigning an additional slot but cannot be accomplished at this time. Every effort has been made to readjust the workload and procedures for performing assigned functions in this section. Some economies in workload have been effected but have not resulted in complete solution to the problem.


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35. CATEGORY II, ITEM 25 (Page 71, Paragraph IV F.2.g) That the DD/P and the DD/S take necessary steps to ensure that Real Estate and Construction Division is fully informed as to the pertinent facts respecting all Agency holdings, whether foreign or domestic, operational, proprietary, or subsidy.

STATUS: Action in process. Informal meetings have been held with representatives of DD/P and Commercial Staff, DD/S. Based on agreements reached, the following procedures and principles are being developed:

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c. The foregoing items have been incorporated in a proposed revision to PR 45-1400 which is being given formal coordination by the Regulations Control Staff. Publication of this regulation will complete action on this recommendation.

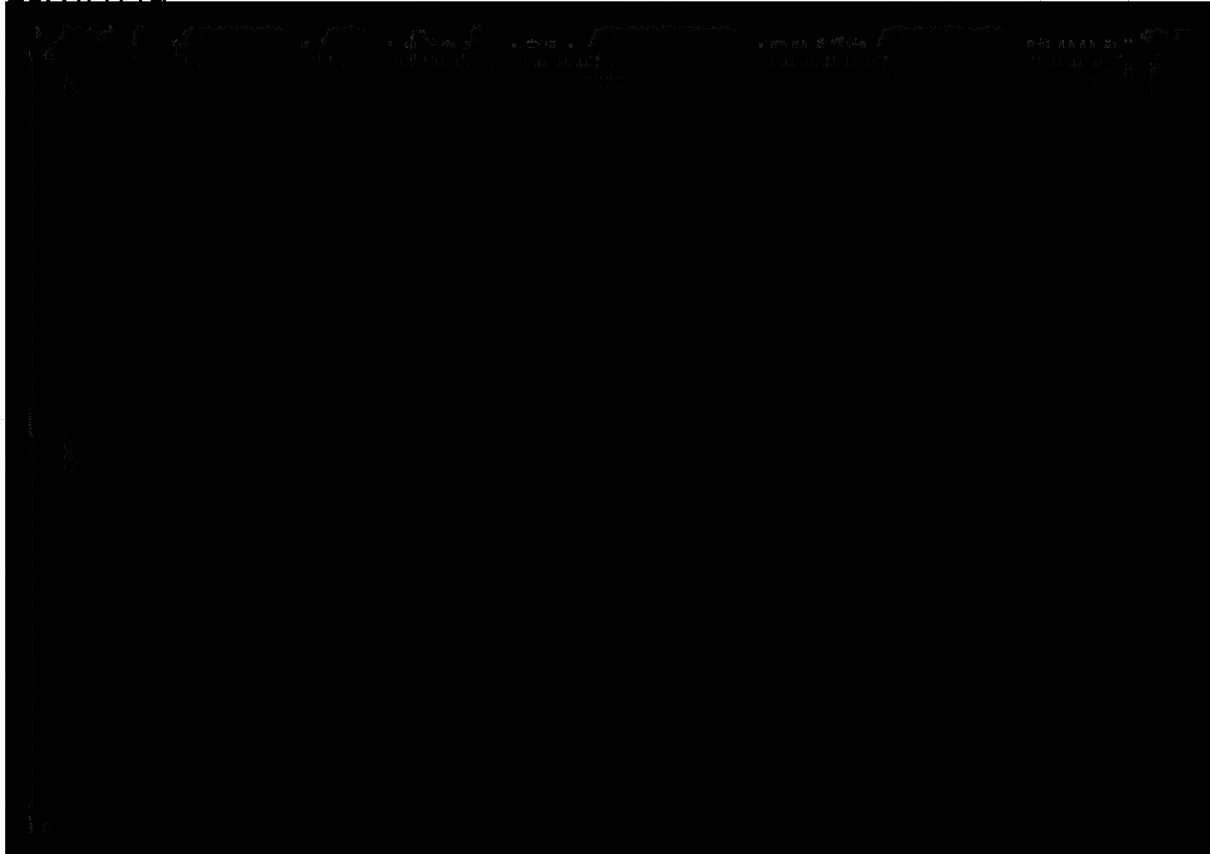
36. CATEGORY II, ITEM 27 (Page 74, Paragraph IV G.2.b.(3)) That the Agency's Printing Advisor in cooperation with Staff CI/DDP, inventory all TSS and other DD/P operational printing and reproduction facilities and programs with a view to their centralization under Printing and Reproduction Division direction.

STATUS: Action completed. A report has been made by the Chief of the Printing Services Division, formerly the Agency's Printing Advisor, which reflected agreement between the Office of Logistics and Technical Services Staff, DD/P, on spheres of interest. It is anticipated that from this study, the Office of Logistics will eventually assume responsibility for all printing requirements exclusive of imitative reproduction. C

37. CATEGORY II, ITEM 28 (Page 75, Paragraph IV G.3.b) If the DD/P and the DD/S establish senior officers responsible for coordinating the printing and reproduction programs of their various subordinate offices, these two Deputies and the DD/I might find it useful to have their officers charged with printing and reproduction problems constituted as an Agency Printing Advisory Committee with representation from Training, Communications, and Personnel. The principal task of such a committee would be to assist the Printing and Reproduction Division in understanding and undertaking the various consumer requirements which give the Division its work.

STATUS: Action in process. Implementation of this recommendation is contingent upon implementation of recommendation contained in Category I, Item 68 (No. 20 of this report). IP

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39. CATEGORY III, ITEM 3 (Page 25, Paragraph III C.6.e) (Cross Reference: Page 6, Paragraph II 11) It is recommended that a committee composed of representatives of appropriate DD/S offices, DD/P, the Office of Communications and the General Counsel be established to: (1) Prepare a regulation clearly stating the procurement and delivery inspection responsibilities and procedures of the Logistics Office and the using components; and (2) Determine the number of personnel required for adequate inspection.

STATUS: Action completed. Recommendation not implemented. Based on personnel ceiling imposed throughout the Agency, a reevaluation by the Director of Logistics on the feasibility of expanding the inspection responsibilities of the Office of Logistics has been postponed indefinitely. Within these personnel limitations, it is considered preferable to restrict inspection functions in accordance with the following: NI

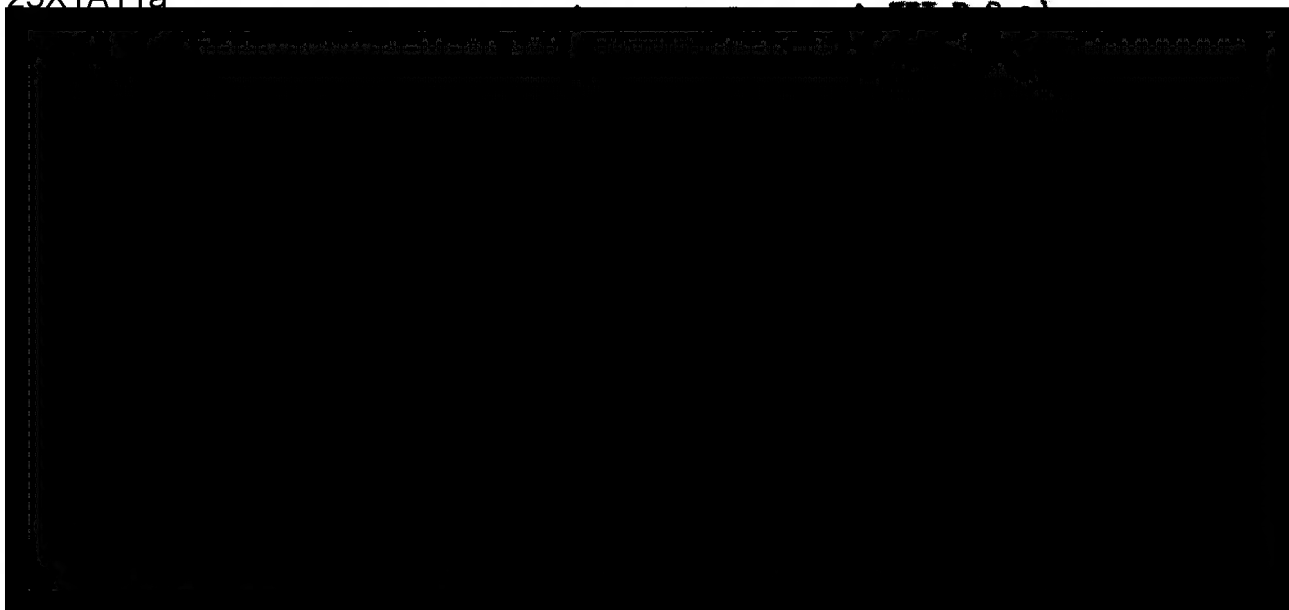
a. Utilization of the inspection capabilities of the Department of Defense and/or outside contractual services, whenever possible.

b. Utilize Agency technical requisitioning activities (TSS and Communications) to the maximum extent on inspections.

c. Perform inspections only in those instances when it is not possible to accomplish inspection by other means.

d. Be responsible administratively for all inspections.

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41. CATEGORY III, ITEM 8 (Page 49, Paragraph IV C.4.d) It is recommended that the next senior Purchasing Agent in the General Purchase Section be authorized to approve purchase orders in amounts not over \$1,000.

STATUS: Action completed. Delegation of authority to approve purchase orders in amounts not over \$1,000.00 has been granted to the next senior Purchasing Agent.

C